

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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CALL REPORT DATA

Many credit unions are failing to list an e-mail address or fax number on the call report. This data is required for Patriot Act and Emergency contacts. One possibility is to establish an e-mail address at a free website (i.e. www.hotmail.com; www.yahoo.com.) Simply visit one of these websites and follow the directions to register for a free credit union e-mail address.

Please be aware of security measures and internal control needs anytime the internet is accessed. Watch future newsletters for internet security measures.

FINANCIAL EXAMINER QUALIFICATIONS

Eleven examiners with 122 years of experience currently make up the examiner staff of the Division of Credit Unions.

Qualifications to be hired as an examiner include graduation from an accredited four-year college or university with specialization in finance, accounting, economics, business administration or a closely related area, including or supplemented by six semester hours of accounting coursework. (Professional or technical experience in finance, accounting, economics, or the banking, credit union or savings and loan industry that affords a knowledge of financial management and analysis may be substituted on a year-for-year basis for the required education.)

Once hired the examiner completes a National Association of State Credit Union Supervisors (NASCUS) correspondence course designed to acquaint the new examiner with the state credit union system. During the next twelve to eighteen months the examiner completes an extensive five level, six-week training program with the National Credit Union Administration (NCUA). This training is in all aspects of credit union examination including accounting, board/management relationships, credit union law, financial management, credit union evaluation and analysis, report write-up, and verbal delivery of reports to credit union management. The formal classroom training is interspersed with on the job examination training supervised or mentored by a seasoned Division examiner.

Education continues throughout the examiners employment with the Division. Examiners with more than one year experience undergo approximately three weeks of training per year from sources such as the National Credit Union

Administration (NCUA), NASCUS, Conference of State Banking Supervisors (CSBS), joint training with other states, and other organizations. Training also occurs during quarterly staff meetings. Joint training with other states or with NCUA also occurs.

NASCUS' training includes online training through use of the internet, the Annual State Examiners School, which the Division usually enrolls one examiner every year and other specialized courses. All examiners with at least three years experience are certified through NASCUS' State Chartered Credit Union Examination program.

Recently, the Division has begun to identify and train subject matter examiners (SME) in various areas. To date SME's have been identified and trained as Internal Control SME, Capital Markets SME and Information and Technology SME.

PHISHING¹

If you utilize the internet by receiving or sending e-mails, increasingly you are asked by e-mail to provide confidential personal and financial information. These e-mails may vary significantly. Some claim that the individual's personal information is necessary to assist in the fight against terrorism or for some other alleged legal purpose. Other e-mails purport to be from government agencies or private sector entities, such as financial sector firms, Internet auction sites, or electronic payment services. These fraudulent schemes, commonly known as "phishing", the fraudster sends an e-mail to consumers, falsely claiming to be from a legitimate company, in hopes of luring consumers to a "spoofed" website. The spoofed website mimics the legitimate website for the sole purpose of stealing the consumer's personal information. At the typical spoofed website, consumers are asked to update sensitive personal information, such as name, account and credit card numbers, passwords, social security numbers and other information.

Here are some practical measures to prevent falling victim to phishing:

1. Do not reply to or click on a link in an e-mail that warns you, with little notice or prior legitimate expectation that an account of yours will be shut down unless you confirm your billing information. Instead, contact the company cited in the e-mail using an authenticated

telephone number or other form of communication that you are sure is genuine.

2. Before submitting financial information through a website, look for the locked padlock on the browser's status bar or look for "https://" at the beginning of the web address in your browser's address window. The presence of a padlock and the https:// does not guarantee that the website is legitimate or secure. However, the absence of either the padlock or the https:// does indicate that the website is not secure.
3. Apply the latest patch for your web browser and/or operating system software (but be sure that the patch is legitimate).

Here are some measures to detect phishing attacks:

1. Review credit card and bank account statements as soon as you receive them to determine whether there are any unauthorized charges. If your statement is late by more than a couple of days, call your credit card company or bank to confirm your billing address and account balances and to determine whether they have mailed your statement.
2. Look for a domestic telephone number on a company or agency website, and call the number to verify the legitimacy of the web site. Many phishing attempts originate from outside the U.S. and thus are not likely to have a working domestic phone number. As a further precaution, particularly against U.S.-based phishing efforts, seek to verify the number, such as with directory assistance or company information that you know to be reliable.

Finally here are measures to respond to phishing:

1. Report suspicious activity to the Federal Trade Commission (F.T.C.). Send the actual phishing e-mail to uce@ftc.gov. If you believe you have been defrauded, file your complaint at <http://www.ftc.gov>, and then visit the FTC's Identity Theft website at <http://www.ftc.gov/idtheft> to learn how to minimize the financial damage from identity theft.
2. For additional guidance on how to avoid falling victim to phishing attempts, visit the FTC's consumer help site at <http://www.consumer.gov>.

The Division of Credit Unions would also like to be notified of phishing attempts involving credit unions. In 2003 Century Credit Union's web site was spoofed and newspaper ads for a fraudulent Century Credit Union ran in Missouri newspapers. In 2004 ads in at least two Missouri newspapers were ran for a fraudulent Heartland Credit Union.

1. Information modified from 'Lessons Learned by Consumers, Financial Sector Firms, and Government Agencies during the Recent Rise of Phishing Attacks' Prepared by the Financial and Banking Information

CREDIT DATA AND OPTING OUT

It is now possible for consumers to opt out of having their personal credit data released to marketing firms. These firms among other activities result in offers of credit cards being sent to consumers that if not properly destroyed, can result in identity theft. Opting out also reduces the amount of "junk mail" and saves resources. The industry has established a toll free number that notifies Equifax, Experian, Innovus, and Trans Union of opt out instructions. The number is 1-888-567-8688. They may also wish to visit the Federal Trade Commission site www.ftc.gov/privacy/protect.htm#Credit. Credit unions may wish to notify their members of this service.

FIELD OF MEMBERSHIP UP DATE

Springfield Telephone Employees Credit Union (now **Telcomm Credit Union**) submitted an application to include those persons who reside or work in the 417 telephone Area Code and the 573 (bordered on the north by I-70) telephone Area Code. The Director approved the expansion of **Springfield Telephone Employees Credit Union** to those in the 417 Area Code, but not the 573 Area Code. The decision was published in the November 15, 2000 Missouri Register. On November 30, 2000 the Missouri Bankers Association (MBA) and Century Bank of the Ozarks (CBO) filed an appeal of the decision to the Credit Union Commission. The Commission heard the appeal on March 29, 2001. On May 24, 2001 the Commission upheld the decision of the Director. On August 16, 2001, the decision was released and the Director filed **Springfield Telephone Employees Credit Union's** amended bylaws with the Secretary of State. On September 14, 2001, the MBA and CBO filed a petition for administrative review in Cole County Circuit Court.

On November 19, 2001, a hearing was held before Judge Tom Brown, Division 1, Circuit Court of Cole County. The motion to refer the case to another division of the court was granted and the case was referred to Judge Byron Kinder, Division 2. A motion to dismiss the case for lack of standing was heard on January 3, 2002. On January 29, 2002 the court ruled the plaintiffs lack standing to maintain causes of action set forth in their petition and ordered the plaintiffs' petition be dismissed. On March 11, 2002 the MBA and CBO filed an appeal of the decision in the Western Appellate Court of Appeals. Appellant's briefs were due June 3, 2002 with the respondent's briefs due July 3, 2002. A hearing by the Western Appellate Court was held on October 3, 2002 in Kansas City. On January 14, 2003, the Appellate Court upheld the decision of Cole County Circuit Court. On January 14, 2003, the MBA and CBO filed motions for a rehearing and transfer to the Missouri Supreme Court. The Appellate Court on March 4, 2003 denied the motions. On April 23, 2003, the Missouri Supreme Court issued an order transferring the case to their jurisdiction. On December 9, 2003 the Court reversed

the decision of the lower courts and remanded the case. The opinion can be read at <http://www.osca.state.mo.us/Courts/PubOpinions.nsf/0f87ea4ac0ad4c0186256405005d3b8e/d1c9a3590b16be4286256df6006dbc43?OpenDocument>. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court.

South Community Credit Union submitted an application for those who work or reside in Zip Codes 63109, 63111, 63116, 63123, 63125, 63128, 63129, and Crawford County, Franklin County, Gasconade County and Washington County. **Central Communications Credit Union** submitted an application for those persons who reside or work in the 816 telephone Area Code. The Director approved the applications submitted by **South Community and Central Communications Credit Unions**. These decisions were published in the November 15, 2000 Missouri Register. On November 30, 2000 the MBA and two local banks located in each of the two applicants' field of membership expansion areas filed appeals of the decisions to the Credit Union Commission. The Commission received the record of appeals from all parties on May 24, 2001. On August 9, 2001, the Commission upheld the decisions of the Director. The written decisions were released on January 25, 2002. On February 21, 2002, the MBA and the local banks filed a petition for administrative review in Cole County Circuit Court. Both cases were assigned to Judge Tom Brown, Division 1. On April 17, 2002 the cases were reassigned to Judge Byron L. Kinder, Division 2 and a motion was entered to stay the proceedings until the outcome of the Springfield Telephone Employees case was decided. The cases can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; the case numbers are 02CV323402 and 02CV323401. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court.

Vantage Credit Union (formerly **Educational Employees Credit Union**) submitted an application for those who live or work in St. Louis County, St. Charles County, Jefferson County, Cape Girardeau County and Franklin County. The application was published in the December 15, 2000 Missouri Register. The Director approved the application and his decision was published in the February 15, 2001 Missouri Register. On March 1, 2001 the MBA and two banks located in the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission received the record of appeal of **Educational Employees Credit Union** on October 19, 2001 and established briefing schedules. On March 5, 2002, the Commission dismissed the appeal due to lack of standing. On July 18, 2002 the MBA and the two banks filed a Petition in Mandamus in Cole County Circuit Court. On May 22, 2004 an amended petition was filed. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 02CV324797.

City Utilities Credit Union submitted an application for community residents and workers in Greene and Christian Counties. The application was published in the June 1, 2001 Missouri Register. The Director approved the application and his decision was published in the August 1, 2001 Missouri Register. On August 14, 2001 the MBA and a local bank located within the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On August 8, 2002 the Commission heard and denied the appeal for lack of standing. The decision was released on December 9, 2002. On January 2, 2003, MBA and the local bank filed a Petition in Mandamus in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 03CV323001.

First Community Credit Union submitted an application for individuals who reside or work in the counties of Lincoln, Warren, Franklin, Washington, St. Francois, Ste. Genevieve, Pike, Montgomery, Gasconade and Crawford in the state of Missouri and the City of St. Louis. The application was published in the August 1, 2002 Missouri Register. The Director approved the application and his decision was published in the September 16, 2002 Missouri Register. On September 26, 2002 the MBA and a local bank located within the field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On November 19, 2003 the Commission heard the appeal. On January 13, 2004 the Commission upheld the decision of the Director. The written decision was released on February 25, 2004. On March 19, 2004 the MBA and a local bank filed a petition for administrative review in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 04CV323859.

Alliance Credit Union submitted an application for those who work or reside in St. Charles County or St. Louis County. The application was published in the November 15, 2002 Missouri Register. The Director approved the application and his decision was published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Allegiant Bank filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal. On January 13, 2004 the Commission upheld the decision of the Director. The written decision was released on February 25, 2004. On March 19, 2004 the MBA and a local bank filed a petition for administrative review in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 04CV323857.

St. Louis Postal Credit Union submitted an application for those who live or work in the Zip Codes 63005, 63017, 63042, 63043, 63044, 63126, 63127 and St. Charles County. The application was published in the December 2, 2002 Missouri Register. The director approved the application and his decision was published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Midwest Bank Centre filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal. On January 13, 2004 the Commission upheld the decision of the Director. The written decision was released on February 25, 2004. On March 19, 2004 the MBA and the local bank filed a petition for administrative review in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 04CV323855.

United Community Credit Union, an Illinois chartered credit union, submitted an application for those who live or work in the Missouri counties of Lewis, Ralls and Marion. The application was published in the January 2, 2003 Missouri Register. The director approved the application and his decision was published in the February 18, 2003 Missouri Register. On March 4, 2003 the MBA and the Farmers and Merchants Bank and Trust Company filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal. On January 13, 2004 the Commission upheld the decision of the Director. The written decision was released on February 25, 2004. On March 19, 2004 the MBA and the local bank filed a petition for administrative review in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 04CV323858.

Aerospace Community Credit Union submitted an application for those who live or work in the remainder of St. Louis City, St. Louis County and St. Charles County that is not currently in the **Aerospace Community Credit Union's** field of membership and those who live or work in Lincoln County. The application was published in the May 1, 2003 Missouri Register. The director approved the application and his decision was published in the July 1, 2003 Missouri Register. On July 14, 2003 the MBA and the First National Bank of St. Louis filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal. On January 13, 2004 the Commission upheld the decision of the Director. The written decision was released on February 25, 2004. On March 19, 2004 the MBA and the local bank filed a petition for administrative review in Cole County Circuit Court. A status hearing has been scheduled for August 23, 2004 in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number

04CV323852.

Midwest United Credit Union submitted an application for all eligible businesses, government entities, individuals and the immediate family of all eligible individuals who live or work in Platte County, Missouri. The Director approved these applications and his decision was published in the April 1, 2004 Missouri Register. On April 14, 2004, MBA and Platte Valley State Bank filed an appeal of the Director's decision with the Credit Union Commission. The Commission will schedule the appeal for hearing.

Health Care Family Credit Union submitted an application for persons and families of persons who reside in or are employed in the 63143 Zip Code, a low-income area. The application was published in the April 15, 2004 Missouri Register. The Director approved the application and his decision and the findings of fact and conclusions of law were published in the June 1, 2004 Missouri Register. A fifteen calendar day period must occur before the decision is final.

Clay County Teachers Credit Union submitted an application to include those who reside or work in Platte County, Missouri. **Century Credit Union** submitted an application to include persons working or residing in Jefferson County, Missouri. The applications were published in the May 17, 2004 Missouri Register. The Director approved these applications and his decisions and the findings of fact and conclusions of law will be published in the July 1, 2004. A fifteen calendar day period must occur before the decisions are final.

From the Director...

- Member agencies of the Federal Financial Institutions Examination Council (FFIEC) have issued for comment proposed Interagency Guidance on Overdraft Protection Programs. The guidance is similar to our Bulletin 2004-CU-02 but also describes applicable federal laws and regulations. Comments are requested within 60 days of its publication in the Federal Register. The draft can be viewed at http://www.ncua.gov/regulationsopinionslaws/proposed_regs/proposedOverdraft.pdf.
- The next Credit Union Commission meeting is July 22, 2004 in Room 750 Harry S Truman Building, 301 West High, Jefferson City, Missouri.

Enjoy the summer with friends, family and your vacation.



John P. Smith, Director

Women handle the daily financial tasks in more than 70% of American households and influence up to 85% of financial decisions.
